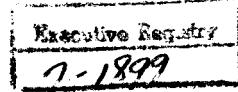


SECRET

1-7423



16 June 1955

MEMORANDUM FOR: CHIEF OF OPERATIONS

SUBJECT: Draft of Interim Reply

REFERENCE: Major General Arthur G. Trudeau's Letter
to Allen W. Dulles re diamond smuggling,
dated 26 May 1955, TS Control No. 103729

Transmitted herewith is a draft interim reply to reference,
prepared in response to your request.



25X1

Chief
Division of Near East
and Africa

Attachment:

1. Draft Reply.

Army review(s)
completed.

SECRET



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT CHIEF OF STAFF, G-2, INTELLIGENCE
WASHINGTON 25, D.C.

14331 -

26 May 1955

Mr. Allen W. Dulles
Director of Central Intelligence
2430 E Street, N.W.
Washington 25, D.C.

Dear Mr. Dulles:

Some days ago I had opportunity to discuss with General Cabell in your absence the probable routing of industrial diamonds being smuggled from South Africa into the Soviet Bloc.

Last Friday night I had dinner with M. Carlier of the Belgian Embassy who had been interested in having me visit the Belgian Congo. During the course of the evening the question of the smuggling of industrial diamonds from the Belgian Congo into Russia was discussed in a casual vein. Those present besides M. Carlier included Mr. George West of the State Department, Count Douglas of the Swedish Embassy, Mr. Jean Pierre Paulus, Secretary to the King, and M. Daufresne de la Chevalerie, the new Commercial Counselor to the Belgian Embassy. Most of the discussion was limited to the Belgian personnel only.

Mr. Paulus discounted any possibility of diamonds being smuggled from the Belgian Congo to Russia unless they were reshipped through Rotterdam or from a northern European port. M. Daufresne, who is an extremely knowledgeable and personable individual, thought otherwise. He believes that a definite chain for smuggling diamonds from the Congo does exist through Uganda or the southern Sudan to Ethiopia and thence through unknown channels to the Soviet Bloc.

In view of this independent opinion which coincides with that obtained in South Africa that Addis Ababa is a focal point for the illegal shipment of industrial diamonds to the USSR and in view of the extreme importance of this particular item to the continued expansion of the Soviet industrial base, it is believed worthy of considerable effort to determine the correctness or falsity of these opinions.

The Russian Mission to Ethiopia, although ostensibly for medical purposes, has always been suspect, and these additional opinions would seem to indicate that the entire matter deserves the closest

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scrutiny. It is interesting to note in this connection that Ethiopia is the one country in Africa to whom we are giving substantial military and other aid.

I would be interested in assisting in any way possible, if desired, and particularly to be advised of any information in this regard that can be obtained.

With highest regards, I am

Sincerely,



ARTHUR G. TRUDEAU
Major General, GS
A. C. of S., G-2

~~TOP SECRET~~

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Please draft the interim reply requested by

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Remarks:

General Cabell informed me that General Trudeau's request contained in the attached letter has already been brought to your attention and I have so advised the Director. The Director asked that an interim reply to Trudeau be drafted for his signature.

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